

**REMARKS**

Claims 1-19, 43-47, and 57-76 are currently pending in the subject application and are presently under consideration. Claim 1 has been amended in order to expedite allowance. A version of all claims can be found at pages 2-7 of this Reply.

Favorable reconsideration of the subject patent application is respectfully requested in view of the comments and amendments herein.

**I. Rejection of Claims 1-19 and 70-73 Under 35 U.S.C. §101**

Claims 1-19 and 70-73 stand rejected under 35 U.S.C. §101 as being directed to non-statutory subject matter. Withdrawal of this rejection is respectfully requested for at least the following reasons. The subject claims produce a useful, concrete, and tangible result, which is the standard by which eligibility under 35 U.S.C. §101 is measured.

The claimed subject matter can aggregate orders for a product and can determine a shipping price that is based upon a subset of buyers sharing a shipping method, which is a useful, concrete, and tangible result. As one example, such a result can yield a cost savings for the product, which is very useful, concrete, and tangible.

At page 3 of the Office Action (mailed June 19, 2007), the Examiner incorrectly concludes that the claims recite functional descriptive material. Yet, characterizing the claims as functional descriptive material is inaccurate because functional descriptive material refers to computer listings *per se*, “i.e., the descriptions or expressions of the programs.” (See MPEP 2106.01(I), at pg. 18). While a computer program claimed as a computer listing *per se* is functional descriptive material, the instant claims, in contrast, recite components of a system, wherein a “component” can be “hardware, a combination of hardware and software, software, or software in execution.” (See applicant’s specification, pg. 8, ll. 17-18). None of these delineated examples of a component can be construed as merely programmatic descriptions or expressions. For example, there is a material distinction between a computer program and the code (e.g., computer listing) that is compiled to create the computer program. The former is statutory if it accomplishes a practical application, which is to say if it produces a useful, concrete, and tangible result (see *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F. 3d 1368, 1373-74, 47 USPQ2d 1596 (Fed. Cir. 1998), whereas the latter is functional descriptive material and therefore generally must be embodied on a computer readable medium in order to be

eligible subject matter under 35 U.S.C. §101. Accordingly, the Examiner’s analysis is moot since the claimed subject matter is not functional descriptive material. Hence, this rejection should be withdrawn.

## **II. Rejection of Claims 1-19, 43, and 70-73 Under 35 U.S.C. §112**

Claims 1-19, 43, and 70-73 stand rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. This rejection should be withdrawn for at least the following reasons. The claims particularly point out and distinctly claim the subject matter applicant regards as the invention.

At page 3 of the Office Action, the Examiner suggests the claims are “vague, indefinite and confusing since … the examiner expects to see structural elements of an apparatus, but all he can see are software components.” Applicant’s representative respectfully submits that the grounds for this rejection stem from that fact that the Examiner incorrectly believes a software component is not patentable subject matter (*see §I, supra*), when in fact the statutory language of title 35 does not limit patent protection only to machines with “physical structures”. Rather, every form of invention (including software inventions) deserves protection. (*See Eolas Techs., Inc. v. Microsoft Corp.*, 399 F.3d 1325, 1339 (Fed. Cir. 2005)).

More particularly, consider claims directed to a wrist watch that determines a time of day, which is an obvious “apparatus” with “structural elements,” and which one of ordinary skill in the art can understand as a time keeping system. When next considering a software clock that, *e.g.*, runs in a window on a user’s desktop, such an invention does not suddenly become “vague, indefinite and confusing” merely because it is comprised of software components rather than components with physical structures. Rather, both sets of claims can particularly point out and distinctly claim (and both are equally eligible for patent protection) the components that determine the time of day. Similarly, an offers and orders component that receives and aggregates orders for a product from a plurality of buyers; and a logistics component that determines a shipping price for the product for a subset of the plurality of buyers, the shipping price being determined based at least in part upon the subset of buyers sharing a shipping method does not become confusing or vague merely because the Examiner chooses to interpret the term “component” as a software component.

Furthermore the Examiner suggests (1) that “sharing a shipping method” is unclear; and (2) that there is no positive recitation of any structural cooperation among the listed elements. In response to (1), applicant’s representative disagrees. Sharing a shipping method appears clear on its face and more so in light of applicant’s disclosure (*see e.g.*, pg. 30, ll. 16-30). In any event, the Examiner has made no attempt to explain the nature of the confusion, so this cannot be relied upon as grounds for a rejection. Regarding (2), it is readily apparent that there is inherent cooperation between the elements listed. For example, the logistics component must inherently receive a portion of aggregated orders from the offers and orders component in order to determine the shipping price based at least in part upon the subset of buyers sharing a shipping method. However, in order to expedite prosecution on the merits, independent claim 1 has been amended to expressly call out these features. In accordance with the foregoing, this rejection should be withdrawn.

In addition, with respect to independent claim 43, the Examiner provides no explanation or grounds for indicating “independent claim 43 … is vague – it should be a software module.” Hence, this as well cannot form the basis of a rejection.

### **III. Rejection of Claims 43-47, 57-69, and 74-76 Under 35 U.S.C. §112**

Claims 43-47, 57-69, and 74-76 stand rejected under 35 U.S.C. §112, first paragraph, as being failing to comply with the written description requirement. This rejection should be withdrawn for at least the following reasons. The specification describes in full, clear, concise, and exact terms how to carry out the claimed invention.

[A]n inventor is not required to describe every detail of his invention. An applicant’s disclosure obligation varies according to the art to which the invention pertains. *In re Hayes Microcomputer Prods. Inc. Patent Litig.*, 982 F.2d 1527, 25 USPQ2d 1241, 1246. In accessing any computer-related invention, it must be remembered that the programming is done in a computer language. The computer language is not conjuration of some black art, it is simply a highly structured language … [T]he conversion of a complete thought (as expressed in English and mathematics...) into a language a machine understands is necessarily a mere clerical function to a skilled programmer. *Northern Telecom Inc. v. Datapoint Corp.*, 908 f.2d 931, 15 USPQ2d 1321 (Fed Cir.), cert. denied, 489 U.S. 920 (1990).

At page 4 of the Office Action, the Examiner argues “[t]here is no support for ‘a logistics component’ … because this ‘component’ comprises undisclosed software instructions/codes” so one of ordinary skill in the art cannot make or use the claimed subject matter. To the contrary, the specification provides full, clear, concise, and exact terms for how the claimed subject matter can be made, used, and/or carried out by one of ordinary skill in the art and without undue experimentation. For example, even when construing the term “component” as entirely software (rather than a computer-related entity, either hardware, a combination of hardware and software, software, or software in execution as defined in the Specification), a programmer of ordinary skill in the art can readily construct software code in accordance with the claims. Moreover, disclosing actual software instructions/code would not in this case necessarily be of use to one in the art, as there are many computer languages, and therefore many languages with which any particular one in the art is not familiar. Still further yet, applicant does not seek patent protection for specific software instructions/codes, has not claimed such, and therefore has no reasonable expectation to disclose such. One of ordinary skill in the art can generate such code in accordance with his or her own knowledge base, skill set, available tools, and/or style. Thus, this rejection should be withdrawn.

#### **IV. Objection to Claim 43**

Claim 43 is objected to by the Examiner. At page 5 of the Office Action, the Examiner suggests “a good” should instead recite “a goods.” Applicant disagrees and can see no basis or rationale for this objection. The suggestion does not even conform to English language grammar. Accordingly, this objection should be withdrawn.

#### **V. Rejection of Claims 1-19, 43-47 and 57-76 Under 35 U.S.C. §103(a)**

Claims 1-19, 43-47 and 57-76 stand rejected under 35 U.S.C. §103(a) as being unpatentable over Pallakoff (US 6,269,343), in view of Shavit, *et al.* (US 4,799,756, hereinafter referred to as “Shavit”). It is respectfully requested that the rejection be withdrawn for at least the following reasons. The cited reference fails to teach or suggest each and every feature of the subject invention as claimed

[T]he prior art reference (or references when combined) must teach or suggest all claim limitations. See MPEP §706.02(j). The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art and not based on applicant's disclosure. See *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

The claimed subject matter relates to a system that facilitates volume pricing. More specifically, the system can aggregate orders for a product as well as aggregating shipping for the orders. In particular, independent claim 1 (and similarly independent claim 43) recites, “an offers and orders component that receives and aggregates orders for a product from a plurality of buyers; and **a logistics component that determines a shipping price for the product** for a subset of the plurality of buyers, the **shipping price being determined based at least in part upon the subset of buyers sharing a shipping method.**” The references, alone or when combined, do not teach or suggest these novel features.

Rather, Pallakoff relates to electronic commerce and more particularly marketing products and services utilizing the Internet. Nowhere does Pallakoff disclose or suggest **a logistics component that determines a shipping price for the product** … the **shipping price being determined based at least in part upon the subset of buyers sharing a shipping method** as set forth in the subject claims. Instead, Pallakoff discloses aggregating demand and providing demand based pricing. (See col. 1, ll. 53-55). Although Pallakoff discloses a shipping charge can be applied to a buyer's credit card (see col. 8, ll. 41-47), the reference is silent regarding an offers and orders component interrelated with **a logistics component that determines a shipping price**. Moreover, a shipping charge in Pallakoff is materially distinct from a shipping price of the subject claims because Pallakoff does not teach or suggest the shipping charge is **determined based at least in part upon the subset of buyers sharing a shipping method**.

At page 6 of the Office Action, the Examiner concedes these deficiencies, but incorrectly contends that Shavit and/or a “delivery lunch” hypothetical may remedy the deficiencies with respect to Pallakoff. Applicant's representative disagrees. Regarding Shavit, the reference relates to a system for interactive online electronic communications and processing of business transactions between independent users. Specifically, Shavit discloses that *a supplier* who has scheduled a shipment of less than a truckload on a particular route, *may advertise* the available space on the system in order to share freight costs. (See col. 17, ll. 17-21). Hence, Shavit fails to

teach or suggest *a logistics component that determines a shipping price for the product* ... the *shipping price being determined based at least in part upon the subset of buyers sharing a shipping method* in at least three distinct ways.

First, Shavit discloses that freight costs can be shared, but nowhere teaches a logistics component that *determines a shipping price for the product*. That is, Shavit alludes to the concept of sharing freight costs, concurrent arrangement of shipping (see col. 11, ll. 14-18), as well as reservation and control of freight services (see col. 14, ll. 31-33), but makes no determination of the freight costs for a product. Second, Shavit expressly indicates *suppliers* sharing freight *costs*, whereas the instant claims recite *buyers* sharing a shipping *method*. Third, Shavit discloses that in order to effectuate freight costs sharing, a supplier *may advertise* the available space. In particular, a bulletin board component that supports *advertising* available space in order to share freight costs is materially distinct from *a logistics component that determines a shipping price* ... *based at least in part upon the subset of buyers sharing a shipping method*.

Furthermore, the “delivery lunch” hypothetic introduced by the Examiner at page 6 of the Office Action is materially deficient to read upon the instant claims. The Examiner analogizes a situation in which a Chinese restaurant receives a single order containing many different courses for employees in the same office. The Examiner suggests, in that situation, the shipping/delivery price would be cheaper than if each of the employees placed individual/independent orders. It is readily apparent that the “delivery lunch” sets forth a concept of sharing freight costs, much like Shavit, however, the mere concept of sharing freight costs is insufficient to render obvious the subject claims. In particular, the concept of sharing freight costs does not teach or suggest the structure of the subject claims such as *a logistics component* that determines a shipping price for the product, e.g., from orders for the product received and aggregated by an offers and orders component.

In addition to the above, the Examiner’s analysis also fails with regard to Shavit and “delivery lunch” because the Examiner is not considering the claim as a whole. Rather, the Examiner expressly argues that the claimed subject matter “is merely software to calculate a lowest price for customers including shipping prices determinations according to a USA zip-code” (see Office Action, pg. 7, ll. 2-4). Hence, the Examiner is treating the logistics component as no more than a software calculator that looks up zip codes and, pointedly, the Examiner

considers these feature in a vacuum, absent the features recited elsewhere in the claim. In particular, the Examiner fails to appreciate that an offers and orders component can receive and aggregate orders for a product from a plurality of buyers and, inherently, that a shipping method for the plurality of buyers has been determined. By isolating these features and addressing them only in piecemeal fashion, the Examiner effectively ignores distinguishing features. Rather than appreciating that orders for a product are aggregated in connection with the determination of a shipping price for the product...based at least in part upon the subset of buyers sharing a shipping method, the Examiner seeks only to show that orders can be aggregated (Pallakoff) and, entirely independently, that freight costs can be shared (Shavit or “delivery lunch”). Absent from the Examiner’s analysis are the inherent determination of the shipping method for the plurality of buyers, the inherent determination that a subset of buyers are sharing a shipping method, and a determination of the shipping price for a subset of buyers from aggregate orders. These aspects are simply overlooked and ignored by presuming that the logistics component is merely a calculating shipping prices from point A to point B based upon zip codes. That is, the Examiner presumes all that needs to be done is to calculate a shipping price (even though none of the references actually disclose this aspect, which is in itself grounds for withdrawing this rejection) because the Examiner takes it as a given that the shipping method is always the same (e.g., the “delivery lunch” example) with respect to the buyers.

Moreover, “delivery lunch” is non-analogous art. “Whether something legally within the prior art is analogous is a fact question. Two criteria are relevant in determining whether prior art is analogous: (1) whether the art is from the same field of endeavor, regardless of the problem addressed, and (2) if the art is not within the same field of endeavor, whether it is still reasonably pertinent to the particular problem to be solved.” *Wang Lab. v. Toshiba Corp.*, 993 F.2d 858, 864 (Fed. Cir. 1992) (held that reference to a SIMM memory module for an industrial controller was not necessarily in the same field of endeavor as a DRAM memory module merely because both relate to memories). In the case at hand, a restaurant delivery service is not in the same field of endeavor as e-commerce volume pricing. Additionally, “delivery lunch” is not reasonably pertinent to the particular problem to be solved because the hypothetical does not contemplate aggregating orders for a product, but rather relates only to the narrow situation in which several lunches are ordered together in a list. A Chinese restaurant that receives a single call for several courses, all to be delivered to the same office is not faced with the challenges

presented to an e-commerce system that receives and aggregates orders for a product, and is therefore not reasonably pertinent.

In addition, “delivery lunch” is not properly combinable with either Pallakoff or Shavit because it would change the principle of operation and/or destroy the intended purpose in both cases. In particular, “delivery lunch” requires a single order/transaction from related actors (*i.e.*, employees at the same office). As such there is no need to “aggregate” orders, as the many courses are ordered as part of the same transaction. In contrast, Pallakoff is specifically directed toward aggregating orders, and both Shavit (*see Abstract*) and Pallakoff (*see col. 1, ll. 45-48*) expressly contemplate that the orders for a product come from independent buyers (*i.e.*, not from related actors). That is, “delivery lunch” **requires** that the actors be related, whereas both Pallakoff and Shavit expressly exclude this requirement. Hence, combining “delivery lunch” would destroy the intended purposes of both Pallakoff and Shavit, and is therefore not properly combinable.

With reference to at least independent claim 43, the Examiner concedes at page 8 that Pallakoff does not disclose a memory coupled to the processor, the memory stores a first price schedule and a second price schedule, the first price schedule determines a first price for the product for at least one of the plurality of different buyers and the second price schedule determines a second price for the product for the other plurality of different buyers. However, the Examiner substantially argues that Pallakoff provides the necessary structural components to do so. As such, the Examiner’s analysis provided with the rejection of this claim relies on improper assumptions that very high level features disclosed in Pallakoff read upon very specific details recited in the subject claims. Applicant’s representative respectfully submits that the CAFC has held that a machine (*e.g.*, memory) programmed in a certain new and unobvious way is physically different from the machine without that program; its memory elements are differently arranged. The fact that these physical changes are invisible to the eye should not tempt one to conclude that the machine has not been changed. *In re Lowry*, 32 F.3d 1579, 1583 (Fed. Cir. 1994). As such, the Examiner is not free to conjecture that Pallakoff reads on the claims merely because Pallakoff discloses a generic computer, generic memory, and/or some other generic physical component that is absent recited features of the claims.

Regarding at least claim 6, Pallakoff does not disclose or suggest **a terms and conditions component that manages agreements between users of the system as to business terms and**

**conditions.** The Examiner contends that such claimed aspects are disclosed by Pallakoff at col. 1, ll. 55-58 and col. 12, ll. 5-10. Applicant's representative respectfully disagrees with such a contention. In more detail, the cited passage at col. 1, ll. 55-58 relates to *conditional offers*. The cited passage at col. 12, ll. 5-10 establishes the definition of system operator and reads "The *term* 'system operator' as used herein does not necessarily refer to an individual. The *term* refers to..." While Pallakoff uses the words "term" and "conditional" in its specification, the cited passages clearly do not relate to a terms and conditions component.

Referring to at least claims 2, 14, 15, 17, 18, 73, and 76, the Examiner argues substantially that it is old and well-known to provide for certain features not recited in the references. In particular, it is old and well-known to comprise a product catalogue (see Office Action, pg. 9); it is old and well-known that customers' historical data/profiles have been widely used for selling products (e.g., a Circuit City store example and a Best Buy example at page 10 of the Office Action); it is well-known to offer products with differing price schedules; and well-known to view price/order quantity on a web site. Applicants respectfully traverse the aforementioned well known statements and request that the Examiner cite a reference or references in support of this position pursuant to MPEP 2144.03 if the rejection of the claims is maintained. The Examiner is reminded that the standard for old and well-known concepts apply to the time of the invention. This cannot be circumvented merely by claiming certain features as old and well known. Moreover, the alleged old and well-known statements do not read upon the claimed subject matter in most, if not all, cases. For example, merely stating that Circuit City uses a customer's phone number to trace a consumer's history does not teach or suggest a *seller agent component* that utilizes historical data, but rather phone number data.

Moreover, claim 18 recites, *the buyer agent component utilizes historical data to assist at least one of the plurality of buyers*.... At pages 10-11 of the Office Action, the Examiner incorrectly argues this is merely an intended of use of the system. However, this assertion is also a mischaracterization because reciting capabilities of a component is not an intended use. In essence, the Examiner's analysis purports that the references disclose a buyer agent component, but a buyer agent component that cannot assist at least one of the plurality of buyers. Applicant's representative notes that if the buyer agent component of the Examiner's analysis cannot assist at least one of the plurality of buyers, then it is not the buyer agent component of the subject claims, irrespective of how either one is used or intended to be used. At page 11, the

Examiner alleges that claim 17 is rendered obvious in view of Pallakoff because the reference could provide information of a production schedule. Assuming *arguendo* such is the case Pallakoff still does not teach or suggest *the seller agent component determines a production schedule...* In particular, as found at page 5 of the Office Action, the Examiner regards both the seller agent component and the buyer agent component as terminals 12 and 14 of Pallakoff, respectively. Pallakoff does not teach or suggest that these terminals have any capabilities beyond displaying information to users. Hence, simple display terminals do not render obvious the subject components. That is, a terminal does not, *e.g.*, determine a production schedule, and as such does not read upon the instant claims.

With regard to claims 14, 16 and 19, Pallakoff fails to teach or suggest an agent component that *determines details that at least one of the plurality of sellers should include in an offer to achieve maximum profits and automatically creates an order for at least one of a plurality of products for at least one of the plurality of buyers* as recited in dependent claims 16 and 19 respectively. The Examiner contends that such claimed aspects are disclosed at col. 11, ll. 44-46, at Fig. 1, ref. 93, and at Fig. 3, ref. 37. Applicant's representative respectfully disagrees. The cited passage at col. 11, ll. 44-46 relates to allowing a buyer to express a conditional interest in a product. The cited figures relate to a system controller (*see* Fig. 1, ref. 93—although Fig. 1 does not contain ref. 93, Applicant's representative believes the Examiner intended to identify Fig. 1, ref. 13) and a methodology for accepting an offer (*see* Fig. 3, ref. 37). Thus, while Pallakoff discloses the ability to buy and sell products on the Internet and express conditional product interest, nowhere does it disclose the novel functionality to improve the shopping process as recited by the subject claims. Accordingly, the rejection should be withdrawn.

In view of at least the foregoing, it is readily apparent (as the Examiner concedes) that Pallakoff is materially deficient to teach or suggest *a logistics component that determines a shipping price for the product ... the shipping price being determined based at least in part upon the subset of buyers sharing a shipping method*. Furthermore, both Shavit and the “delivery lunch” hypothetical are materially deficient as well. Rather, both Shavit and “delivery lunch,” at most, stands for the proposition that freight costs can be shared, which is not sufficient to teach or suggest all the claimed features absent in Pallakoff. Thus, the combination of Pallakoff with Shavit and/or “delivery lunch” does not teach or suggest every claim feature.

Accordingly, this rejection of independent claims 1 and 43, as well as all claims that depend there from, should be withdrawn.

**CONCLUSION**

The subject application is believed to be in condition for allowance in view of the above comments and amendments. A prompt action to such end is earnestly solicited.

In the event any fees are due in connection with this document, the Commissioner is authorized to charge those fees to Deposit Account No. 50-1063 [GEDP101USE].

Should the Examiner believe a telephone interview would be helpful to expedite favorable prosecution, the Examiner is invited to contact applicant's undersigned representative at the telephone number below.

Respectfully submitted,  
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